



**AIRCRAFT OWNERS AND PILOTS ASSOCIATION**

421 Aviation Way • Frederick, MD 21701-4798  
Telephone (301) 695-2000 • FAX (301) 695-2375  
www.aopa.org

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**Testimony of Bryan Budds from the Aircraft Owners and Pilots Association (AOPA) in  
Support of Senate Substitutes for House Bills 4571 and 4572**

Before the *Michigan* Senate Finance Committee

May 14, 2014

Chairman Brandenburg and Committee Members,

Thank you for accepting this testimony on behalf of the more than 10,400 AOPA members in Michigan. As the State continues its comprehensive examination of the overall transportation infrastructure, AOPA members are pleased to see this Committee's consideration and revisions of House Bills 4571 and 4572 which ensure that the State's aviation infrastructure remains part of that discussion while ensuring an equitable tax structure for the entire industry.

Over the past ten years, aviation taxes and funding in Michigan have been at cross purposes. Aviation fuel tax rates – the combined 6% sales tax and \$0.03/gallon excise tax – remain among the highest in the country, while little of those funds go to aviation. At the same time, the state's investment in its aviation infrastructure remains limited due to an unpredictable and unsustainable funding stream. This predicament has incentivized both the State's pilots and transient pilots to forgo purchasing fuel in Michigan, through flight planning systems that take fuel cost into consideration, in favor of other more competitively taxed states – further limiting not only state revenue generation for airport improvements, but also the business activity at the more than 115 fixed base operators in Michigan.

House Bills 4571 and 4572, with the Senate Substitutes, address this problem by modifying the current two-tax scheme into a simple, single, and sustainable system of airport funding supported by the users of that system. The bills also adjusts Michigan's effective aviation fuel tax rate from 4<sup>th</sup> highest in the country to the 17<sup>th</sup> most expensive – making Michigan's fuel tax rates more nationally competitive and in turn generating a net gain in state revenue through increased aviation activity.

With this stable revenue stream, MDOT Aeronautics will have adequate resources needed to make capital improvements to critical aviation infrastructure while also ensuring the State's tax rates remain competitive – allowing the fixed base operators, local, and transient pilots to continue supporting the Michigan aviation industry which generates thousands of jobs and more than \$4.1 billion in economic activity across the State.

Thank you for this opportunity to testify. Please do not hesitate to contact me with any questions.